

Accountability of Microfinance *Pengianan Kawan* performance Devotion: Aforensic Audit Value For Moneyassessment Tools

Subratha, I Nyoman and Yadnyana, I Ketut

Abstract: Micro Finance is a financial institution owned by *Desa Pakraman* aimed at ensuring the welfare of *krama desa Pakraman*. In *Desa Pengianan*, Bangli Regency, there are 4 operating units, in which one financial distressed performance unit, and does not make financial reports, are: Micro Finance *Pengianan Kawan*. This study aims to analyze and reveal financial distressed and Micro Finance *Pengianan Kawan* made Reports. Data were collected quantitative and qualitative data. Data was collected using participatory observation and interview techniques. The analysis is based on *hukum karma*. The analysis shows that there is no implementation of internal supervision by *Panureksa Prajuru* fraud behavior gives credit of Rp120,000,000.00 without implementing the procedure and using the credit of Rp30,000,000.00 and the credit is jammed. Impact of fraud behavior *Prajuru*, micro finance lacks liquidity in 2016 amounted to 12.82% or a total of Rp141,801,505.20 and in 2017 there was a shortage of liquidity of 9.10% or a total of Rp122,907,694.00. Financial distressed conclusion Micro Finance *Pengianan Kawan* caused *Prajuru* fraud behavior that causes bad credit, and lack of liquidity. Suggestions that resolve this problem are prosecuted in the *Pakraman Village* court and the District Court.

Keywords: accountability, financial performance, financial distressed, *hukum karma*, and fraud behavior.

Preliminary

Mikro finance (*Lembaga Perkreditasi Desa*) aims to ensure the welfare of *krama desa pakraman* (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance*). Micro finance is a financial institution owned by *Desa Pakraman* which is located in the authority of *Desa Pakraman* (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance, Pasal 1 Ayat 9*). The form of *Desa Pakraman* manners in the form of 20% profit sharing as development funds and village community empowerment (*pakraman*), 5% as social funds (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017, Pasal 23*). To achieve this goal, the owner appoints the manager called *Prajuru* (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017, Pasal 1 Ayat 10*), and appoints an internal supervisor called *Panureksa* (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017, Pasal 20*). *Prajuru* manages micro finance to apply the principle of prudential management to ensure good financial performance (*Peraturan Gubernur Bali Nomor 44 Tahun 2017 Tentang Peraturan Pelaksanaan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance*). *Prajuru* acts in accordance with the interests of the owner, if there are differences in interests, *Prajuru* chooses to prioritize achieving organizational goals (Donaldson & Davis, 1991; Morgan, 1996; David, 2006; and Thorton, 2009).

Prajuru is obliged to account for Micro Finance's financial performance to the owner. The performance of Micro Finance managed by *Prajuru* must be accountable. Accountability is the obligation of the manager to present, report, disclose, account for the assets that are his responsibility to the owner. Accountability consists of vertical accountability and horizontal accountability (Mardiasmo, 2009: 20-21). Micro finance managed by *Prajuru* must fulfill the dimensions of accountability. Accountability dimensions that must be fulfilled, namely: 1) Accountability of honesty and legal accountability is to try to avoid misuse of office and comply with laws or regulations. 2) Process accountability is trying to implement procedures in carrying out tasks, availability of accounting information systems, and administrative procedures. 3) Program accountability is considering ignition of goals, and considering alternative programs with optimal results with minimal costs. 4) Policy accountability is trying to account for the policies taken (Mardiasmo, 2009: 21-22).

Microfinance management accountability standards apply the precautionary principle (*Peraturan Gubernur Bali Nomor 44 Tahun 2017 Tentang Peraturan Pelaksanaan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance*). The articles governing the precautionary principle are: 1) *Pasal 7, ayat 1*: Micro Finance must implement an administrative system. 2) *Pasal 8, ayat 1*: Micro Finance must meet the minimum capital adequacy of 12% (twelve percent) of risk-weighted assets (ATMR); *ayat 2*: The degree of risk for each asset post in the calculation of ATMR is determined as follows; cash 0% (zero percent), interbank assets 20% (twenty percent), interbank assets in traffic conditions 100% (one hundred percent), loans granted 100% (one hundred percent), fixed assets and 100% inventory (one hundred percent), 100% (one hundred percent) miscellaneous assets. 3) *Pasal 10, ayat 2*: the maximum limit for lending to one borrower is 20% of the total

capital of Mikro Finance. 4) *Pasal 21, ayat 1*: Micro Finance provides liquidity to serve customer withdrawal payments; *ayat 2*: The provision of liquidity as referred to in *ayat 1* is maintained so that it is easily cashed, which amounts to at least 20% of the total *dhanasepelan*, *dhana* as stated and other current debt. 5) *Pasal 23, ayat 1*: Micro Finance must maintain a good level of financial performance.

The standard for evaluating Micro Finance financial performance is measured by five aspects, namely: capital adequacy, quality of productive assets, management, profit, and liquidity. 1) Capital adequacy in accordance with (Peraturan Gubernur Bali Nomor 44 Tahun 2017), *Pasal 8* is a minimum capital adequacy of 12% of Risk Weighted Assets (RWA), *Pasal 8*; Doubtful Accounts Receivable is 1.25% higher than RWA as supplementary capital. 2) Quality of Earning assets in accordance with the *Peraturan Gubernur Bali Nomor 44 Tahun 2017, Pasal 10*: that the quality of productive assets in the form of a maximum credit limit for one borrower is 20% of the total Micro Finance capital, and the amount of bad loans. 3) Management includes an administrative system (*Pasal 7, ayat 1*), Micro Finance must implement an administrative system. The administrative system in question is financial administration, which deals with financial statements, performance reports, accountability reports and others. 4) Profit is measured by of ROA. 5) Liquidity is measured by providing liquidity of at least 20% of *dhanasepelan*, *dhanasesepelan*, and other current debt (*Peraturan Gubernur Bali Nomor 44 Tahun 2017, Pasal 21*).

Prajuru as the manager makes a report to the owner. *Prajuru* must submit reports on activities, financial developments and performance to *Bendesa* every month, three months, and Annual (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance, Pasal 17*). *Prajuru* is obliged to submit an Annual Accountability Report no later than three months after the Financial Year ends in *ParumanDesa* (*Peraturan Daerah Provinsi Bali Nomor 3 Tahun 2017 Tentang Mikro Finance, Pasal 18*).

The detailed accountability of Mikro Finance reporting is regulated in (*Peraturan Gubernur Bali Nomor 44 Tahun 2017 Tentang Peraturan Pelaksanaan Peraturan Daerah Bali Nomor 3 Tahun 2017 Tentang Mikro Finance, yaitu Pasal 30*). This article details reporting, among others: 1) *Prajuru* must submit a report to the owner through *Panureksa*. 2) Types of reporting on loan activity and development reports, trial balance sheets, balance sheet reports, and loss / profit reports, financial performance appraisal reports, risk rating assessment reports, annual reports, *Prajuru* made accountability annual reports, and *Panureksa* made accountability annual reports

Every report or responsibility made and reported by *Prajuru* to the Owner must be audible, *Panureksa* audits the accountability report. *Panureksa* when auditing financial management reports and / or other reports uses audit techniques. Audit techniques must be explained in an audit program that is used as a guide in carrying out audit procedures (Lediastuti and Subandijo, 2014). When auditing, *Panureksa* or forensic accountants use their knowledge of accounting, legal studies, investigations, and criminology to uncover fraud (Astuti, 2015). The application of forensic audit value for money audit in assessing financial performance finds a waste of use of power resources, the main component is efficiency, effectiveness, and economics (Eze and Ibrahim, 2015). Forensic audits play a role in the process of examining, evaluating, analyzing and concluding the evidence that has been collected. Thus, the forensic auditor can deduce the existence and amount of financial loss for the occurrence of cases that indicate corruption (Hakim, 2014).

Panureksa (auditors) when auditing applies limited collaborative partnerships to obtain audit evidence (Andrikopoulos, et al. 2016). Internal auditors in an effort to minimize the occurrence of fraud require sharpening the role of preventing and detecting fraud, so that the ignition of goals can be carried out accountably (Gamar and Djamhuri, 2015). Audit report shows audit quality. The quality of audit results determines the decision of the financial manager of the organization or institution in managing assets. Audit quality is a risk when the auditor experiences a high level of time pressure in conducting an examination (Svanström, 2016).

In *Desa Pengianggan*, Bangli Regency, there are four Mikro Finance units operating, one Mikro Finance unit has financial distressed performance (towards bankruptcy) is Mikro Finance *Pengianggan Kawan*. Mikro finance Management of *Pengianggan Kawan*, in addition to experiencing financial distressed also did not make financial statements for the period of 2016 and 2017. Thus, the focus of this research was to evaluate financial performance and not to make Mikro Finance Finance Reports of *Pengianggan Kawan*. From the focus of this research, the purpose of the study was to analyze and uncover financial distressed and not made Mikro Finance Finance Reports of *Pengianggan Kawan*.

Research methods

In qualitative research it is very important to map the opinions, actors and activities (Kamayanti, 2016: 107). This research was conducted in *Desa Pengianggan*, Bangli Regency with the Mikro Finance analysis unit. There are four operating units, one unit has experienced a financial distressed performance, namely *Micro Finance Pengianggan Kawan*. The focus of this research is *Micro Finance Pengianggan Kawan*, because this

micro finance experiences financial distressed. In addition, this study also considers time, cost, ease of access to obtain data (Walford, 2001).

The solution to the problem of this study uses the interpretive paradigm. The interpretive paradigm of seeing reality as subjective focuses on the role of language, interpretation and understanding (Chua, 1969). The paradigm is not to explain and predict, but to understand (Mulawarman, 2010; Rahayu, et al, 2007). Phenomenology as a methodology allows reality to reveal itself naturally (Hasbiansyah, 2004). Data was collected using triangulation techniques (Sugiyono, 2012: 327-329). The data collected are quantitative and qualitative data (Sugiyono, 2012: 6-8).

Instruments in research are the researchers themselves (Satori and Komariah, 2014: 61; Yin, 2011: 122). The presence of researchers cannot be replaced when collecting data, because researchers can find out the attitudes, feelings, responses and space settings in conducting observations and interviews (Djamal, 2015: 16). Capability and capacity of informants can be seen in the activities that become the object of research (Kuswarno, 2005; Starks and Trinidad, 2007). The informants used were 8 people (Sanders, 1982; Starks and Trinidad, 2007), consisting of 4 *Prajuru* and 4 *Panureksa* people. The analysis used is a description of the *hukum karma*. *Karma* is an action that refers to action through a deliberate body, speech and mind: what is done, said, and thought out. There are four legal characteristics of karma or causality, namely: 1) *karma* is certain, that positive actions will give positive results; negative actions will give unpleasant results. 2) *karma* can develop: small causes will have big consequences. 3) If because a condition is not created, then the condition will not occur. 4) the imprint that is deeply embedded in the action will not just disappear (Chodron, 2011: 105-124). Legal analysis of *karma* in determining irregularities or fraud in the management of financial institutions can be explained as follows: 1) The existence of intentions, opportunities. 2) There is intention, absence of opportunity. 3) Absence of intention, opportunity. 4) Absence of intention, lack of opportunity (Rothberg, 2012: 85-110).

Results and Discussion

Research result

Mikro Finance's performance accountability research on Partnership in accordance with the data collection of participatory observations found findings: 1) The absence of monitoring, evaluation and audits conducted by *Panureksa* as an internal supervisory body. *Panureksa* only approved the report made by *Prajuru*. 2) Bad loans amount to Rp120,000,000.00. 3) Liquidity realized in 2016 was 7.18%, in 2017 it was 10.90%. 4) The maximum crediting limit based on the approval of the *ParumanDesaPakramanis* Rp75,000,000.00; based on capital adequacy, the credit should be Rp. 89,018,000.00. 5) *Prajuru* does not make financial statements. 6) capital adequacy achieved in 2016 and 2017 amounted to 28.99% and 25.12%.

The results of the bad credit search, that the Rp120,000,000.00 bad loans came from credit expenditures in 2014 amounted to Rp120,000,000.00, the loans issued to customers did not apply the procedures and the person *Prajuru* used the credit amounted to Rp30,000,000.00. Credit issued on February 9, 2014 was never paid by the customer until it was declared to be stuck. The interview manuscript with *Panureksa* and *Prajuru* showed testimony that *Panureksa* did not conduct monitoring, evaluation and auditing, because *Panureksa* did not have accounting and audit competencies. *Prajuru* was unable to make financial reports, because he did not have accounting and financial management competencies.

Discussion

Based on the results of data collection using participatory observation techniques, interviews, and searches found: 1) Internal Control of Micro Finance the understanding of *Pengangan Kawanis* weak. Weak internal controls are indicated by *Panureksa's* behavior which does not conduct monitoring, evaluation and auditing. But *Panureksa* ratified the report made by *Prajuru*. Weak internal controls provide opportunities for deviants by *Prajuru* as micro finance manager. The legal analysis of *karma* found the behavior of *Panureksa* who did not conduct monitoring, evaluation, and auditing but ratified the *Prajuru* report to create opportunities for abuse of authority or fraud. *Panureksa* does not carry out the internal control accountability process by reason of not having accounting and audit competencies. 2) Non-performing loans of Rp120,000,000.00 when credit disbursements do not apply procedures and *Prajuru* uses a portion of the credit in the amount of Rp30,000,000.00. *Prajuru's* behavior deviates from the accountability and honesty dimensions of accountability. *Prajuru* should give credit to customers to avoid abuse of power and comply with existing regulations. The impact of lending Rp120,000,000.00 without implementing the procedure caused bad credit. Non-performing loans of Rp120,000,000.00 were caused by *Panureksa's* behavior to not carry out duties properly resulting in *Prajuru* issuing credit without implementing procedures or regulations and *Prajuru* committed fraud. 3) Non-performing loans make the Micro Finance *Pengangan Kawan* impact the lack of liquidity. The Micro Finance Liquidity *Pengangan Kawan* in 2016 was 7.18%, in 2017 it was 10.90%. The liquidity standard that must be achieved by Mikro Finance is 20% (*Peraturan Gubernur Bali Nomor 44*

Tahun 2017, Pasal 21). Thus Micro Finance Liquidity Achievement *PenganganKawan* is a lack of liquidity in accordance with (*Peraturan Gubernur Bali Nomor 44 Tahun 2017, Pasal 21*) in 2016 a liquidity shortage of 12.82% or amounting to Rp141,801,505.20 and in 2017 there was a shortage of liquidity of 9.10% or a total of Rp122,907,694.00. 4) *Prajuru* does not make financial statements a violation of the accountability of the performance management process. In measuring performance accountability by applying forensic audit value for money there are three variables as a measuring tool, namely economical, effective and efficient. Because *Prajuru Mikro Finance PengawanKawan* does not make financial statements, only makes the remaining balance sheet reports it is difficult to measure or assess the level of performance achievement according to standards. 5) Micro Finance's standard capital adequacy is 12% (*Peraturan Gubernur Bali Nomor 44 Tahun of 2017, Pasal 8*). Achievement of Micro Finance capital adequacy of *PenganganKawan* in 2016 and 2017 is 28.99% and 25.12%. This means that the Micro Finance capital adequacy of *PenganganKawan* to run a business in the credit sector is sufficient. 6) The granting of a borrower's credit is in accordance with (*Peraturan Gubernur Bali Nomor 44 Tahun of 2017, Pasal 10*) that the quality of productive assets is in the form of a maximum credit limit for one borrower of 20% of the amount of Mikro Finance capital, and the amount of bad credit. The maximum credit limit based on the owner's agreement (*ParumanDesa Pakraman*) is Rp75,000,000.00. Based on capital adequacy, the credit given should be Rp89,018,000.00. *Prajuru* gives credit to customers of Rp120,000,000.00 without applying the procedure is an act of wasteful money resources. *Prajuru's* disobedience violated the crediting limit of Rp75,000,000.00 in accordance with the agreement of *Desa Pakraman* meeting and the capital adequacy limit of Rp89,018,000.00. *Prajuru's* behavior that is not compliant with the regulations must be subject to sanctions in accordance with *Desa Pakraman* regulations and related regulations.

Conclusion

Based on the analysis in the discussion above, it can be concluded that the microfinance financial performance accountability of *Micro Finance PenganganKawan* is less accountable. The lack of accountable performance of *Micro Finance Pengangan Kawan* is caused by: 1) Weak internal control, where *Panureksa* does not carry out monitoring, evaluation and auditing. But validating *Prajuru's* report. 2) *Prajuru's* fraudulent behavior in granting Rp120,000,000.00 credit to customers, where *Prajuru* did not apply the procedure and used the credit in the amount of Rp30,000,000.00. *Prajuru's* fraud behavior caused by *Panureksa* as an internal supervisory body did not carry out the task, only validating the *Prajuru* report. 3) Mikro Finance lacks liquidity in 2016 of 12.82% or a number of Rp141,801,505.20 and in 2017 lacks liquidity of 9.10% or a total of Rp122,907,694.00.

In accordance with the discussion and conclusions above, it is recommended that the settlement of *Panureksa* and *Prajuru* fraud behavior be resolved in the trial or *ParumanDesa Pakraman* or in court. The owner in choosing *Prajuru* and *Panureksa* must consider the competence of the manager and / or supervisory body. Relevant owners and institutions carry out performance, accounting and auditing accountability training to overcome human resource competency deficiencies.

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